

# SPARK landlord: Loss of Michigan tax credits would limit redevelopment, growth opportunities

BY JOHN GALLAGHER  
DETROIT FREE PRESS BUSINESS WRITER

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The Ann Arbor SPARK business incubator in Ypsilanti is the sort of entrepreneurial effort that Gov. Rick Snyder hopes to promote.

There, start-up companies, often no more than one or two employees strong, occupy cubicles and share business services. Snyder served as SPARK's founding chairman, and recently named SPARK's former president, Mike Finney, to serve as president and CEO of the Michigan Economic Development Corp.

Yet this entrepreneurial effort in Ypsilanti -- a model for promoting entrepreneurship -- might never have existed without the kind of incentives that Snyder is trying to zero out.

Developers Karen and Eric Maurer, who own the building where SPARK leases space, raised about 25% of the \$2 million needed to renovate this formerly vacant

late 1800s building using two types of credits. One was for rehabilitating historic structures and the other was for renovating brownfield buildings.

Without those credits, Karen Maurer said, the building would still be a vacant eyesore, as it was when they bought it in 2008. "I believe tax credits are important just because they help rehabilitate downtowns," she said.

But Finney contended the deal could still get done under the new system Snyder has proposed. Tax credits would go away under Snyder's plan, but the state would offer a \$100-million pool of incentives to help worthwhile projects happen.

"We would still be able to do that deal using the incentives that the governor has been proposing," Finney said Monday.

## Tax credits needed for revival?

As a real estate developer, Karen Maurer

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knows it might be easier to work in the suburbs than trying to rehabilitate century-old buildings in downtown Ypsilanti.

Older buildings often have issues like asbestos to remove or hidden structural problems. And older downtowns tend to suffer weaker commercial markets, so banks don't lend as readily to fix up buildings there.

So when Maurer and her husband, Eric, bought three older structures in central Ypsilanti, they did what virtually every developer in one of Michigan's older downtowns does -- they relied on tax-credit incentives to make their deals work.

These incentives allow developers to take a percentage of their costs for fixing up older buildings as a credit against their taxes. State and local authorities must approve the credits in advance. Developers like the Maurers typically sell their credits through a broker to raise up-front cash to put into their projects.

Tax credit incentives have been used in virtually every urban redevelopment project in recent years, including Westin Book Cadillac hotel in Detroit and the Maurers' renovation of a late-1800s run-down bank building at 211-215 Michigan Ave. in downtown Ypsilanti.

Gov. Rick Snyder has proposed eliminating all such credits in his new budget. He offers instead a streamlined tax code with lower business taxes for all, saying he doesn't want to pick winners and losers by

favoring some types of deal with incentives.

In place of tax-credit incentives, Snyder proposes creating a pool of \$100 million annually to pay for incentives to real estate projects like the Maurers' as well as to filmmakers and entrepreneurs.

Michael Finney, named by Snyder to be president and CEO of the Michigan Economic Development Corp., said deals like the Maurers' project in Ypsilanti could still qualify for incentives from that pool even after tax credits go away.

"Where there still is a competitive gap we would use these incentives," Finney said Monday. He acknowledges that critics say the \$100-million pool won't be big enough, but he said it would be once the unrealistic deals get weeded out.

"Historic and brownfield (credits) would go away, but it would be replaced by this appropriation, which we would be free to use in as reasonable a manner as possible."

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Developers and urban officials are likely to dispute that. Last week, the Detroit Brownfield Redevelopment Authority released a tally showing that this single agency in Detroit had approved \$36.7-million worth of brownfield tax credits in 2010.

But Finney said that too many credits have been awarded for projects that never get done. By selectively awarding incentives as part of the appropriation process from the \$100-million pool, the state will be better able to pick the projects most likely to happen.

"It could substitute for any of the credits that existed in the past, and that is our intention to use these as a tool to get these deals done, to fill gaps when we are not competitive with a project," Finney said.

Maurer said tax-credit incentives have become such an essential tool for urban renovation work that eliminating them is bound to hurt projects like hers in the future.

"I know a bunch of people that are trying to do them in Detroit," Maurer said last week. If Snyder's proposal becomes law, "they won't be able to," she added.

The Maurers used both historic preservation and brownfield tax credits to fix up the 20,000-square-foot building at 211-215 Michigan, which began life in the 1890s or so as a bank. It was vacant when they bought it for \$300,000 in 2008, and was in "horrible shape," Karen recalled.

Ann Arbor SPARK, a business incubator once chaired by Snyder, moved its satellite office into the building in January 2009. Today it is home to eight tenants plus six more virtual tenants who do not actually rent space there.

The SPARK tenants pay \$250 per month for a cubicle, phone line, high-speed Internet, copier, fax, mail drop and various training programs.

"Hopefully folks graduate (from) an incubator and they move out onto the streets and buy or rent a storefront and hire some folks and pay some taxes, and that's how we redevelop," said Kyle DeBord, manager of the SPARK office in Ypsilanti.

Snyder, a former computer company executive, served as SPARK's founding chairman in the years before he ran for governor.

Historic preservationists are particularly upset with Snyder's proposal to eliminate

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historic preservation tax credits. They contend that the loss of those incentives will stall, if not kill, the renovation of many historic districts in older downtowns in Michigan.

Preservationists and developers have come to rely on historic preservation and other tax credits to close the gap between what lenders will give them and what a project will actually cost, said George Jackson, president of the Detroit Economic Growth Corp.

"The historic tax credits are extremely important to make these deals happen," Jackson said last week.

Besides helping deals happen, tax credits help preserve a priceless heritage of fine architecture that otherwise would crumble away, preservationists say.

"You are getting quality of materials and craftsmanship that are not available for that price, or hardly at all, out in new greenfield construction," said Melissa Milton-Pung, co-chairwoman of public policy for the Michigan Historic Preservation Network.

There are benefits for the public, too, she added.

"When you have these buildings occupied, when you have more foot traffic, when you have a more human scale, you're going to create a more vibrant urban core," she said.

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Zoom

Karen Maurer and her husband, Eric, used state tax credits in their efforts to buy and redevelop three older buildings in central Ypsilanti. The Mauers say efforts like theirs would be threatened if Gov. Rick Snyder's proposal to eliminate existing tax credits is approved. / Photos by SUSAN TUSA/Detroit Free Press

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# Cities right to question end of tax credits

4:10 PM, Feb. 24, 2011|

Officials of Michigan's cities are worried about Gov. Rick Snyder's plan to eliminate tax incentives used to spark urban redevelopment.

So far, Snyder has not allayed those fears. If he doesn't do so soon, Michigan lawmakers should change Snyder's plan.

The proposed budget calls for an overhaul of the state's tax system and elimination of incentives for redevelopment of brownfields, historic sites, areas designated as "renaissance zones," and others.

In a meeting with the LSJ Editorial Board, Bob Trezise of the Lansing Economic Development Corp. and Mayor Virg Bernero said credits are critical to cities.

The Accident Fund's new headquarters is a prime example. The company is redeveloping the long-defunct Board of Water & Light Ottawa Power Station - an epic transformation that would not have happened without incentives.

And yes, Accident Fund is an example of "economic gardening" - Snyder's catchphrase for sparking growth within Michigan. Trezise notes the Accident Fund easily

could have moved to another state.


Lansing officials also hope to save the downtown Knapp's building project. The Eyde Co. announced a major redevelopment plan for the iconic former department store building last year, and now finds itself caught in the uncertainty of Snyder's plans.

The project already is approved for a \$4.6 million tax credit from the Michigan Economic Growth Authority and \$10 million in state and federal historic credits. But it hasn't yet been approved for a renaissance zone credit that would save \$2.6 million. Officials hope the credits can be resolved before the 2012 budget year begins.

Snyder is counting on reduced business taxes to spark development without incentives. But cities with long-vacant properties in core areas know the true costs businesses face when looking at those sites.

Other states aren't idle. The Michigan

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Economic Development Corp. website notes that Wisconsin, for example, is forgiving corporate taxes for businesses that have been in the state less than two years while also increasing its budget for tax credits. Indiana has a host of credits, including one for redevelopment. It has also proposed a 5 percent corporate tax rate.

Snyder has said money will be available through legislative appropriation for business incentives, an idea that falls short. No business should face that political gauntlet.

He's also promised an Office of Urban Initiatives, but so far hasn't detailed plans. Those who believe vibrant cities are vital will be waiting for that detail. If Snyder doesn't improve his plans for redeveloping cities, he will undermine his own efforts.

An LSJ editorial

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**BROWNFIELD SUCCESS PROJECTS**  
**Contact – Andy Schor (517 908-0300 or aschor@mml.org)**  
**Michigan Municipal League**

**Adrian**

We are in the planning stages for a unique and very exciting project in our downtown that we believe can push us significantly closer to our goal of revitalization. Last year, the city completed a renovation and new construction relocation of our city municipal complex to our downtown core, and we are now seeing significant private investment coming to downtown in the form of new restaurants and new businesses. The project in question would create a unique in the nation restaurant that would integrate the outstanding culinary arts program at the Lenawee Intermediate School District Tech Center and Jackson Community College campus, together with business and marketing programs from Adrian College and Siena Heights University. The buildings in question are at the literal four-corners core of downtown Adrian, and include the oldest building in downtown Adrian. There are four storefronts, and it's been about 5 years since any of the storefronts have been occupied. The buildings had a federal SEC lien on them until yesterday, when the properties were abandoned in court action as a result of work we've been engaged in for about 10 months. In talking with potential investors and developers about the project, historic and brownfield tax credits have been central to the discussion. We are looking at a private investment north of seven million dollars, so the tax credit piece is likely to make or break this project.

**Allen Park**

Allen Park has one of the largest Brownfield projects that would not have occurred but for the credits.

**Alma**

In Alma the Brownfield program is essential. It is difficult for Alma to grow without reusing a former site. Most recent industrial projects have involved Brownfields. Without the Brownfields, they would not have been possible. Some examples from Alma include:

- Moving Alma Iron and Metal off the riverfront to a parcel of land owned and used by Total Petroleum. Both sites use Brownfield's. Moving AIM off the river had been a city goal for over thirty years. There were many environmental concerns about having a scrap operation so close to the river. With the move, the City now has a modern, state of the art, scrap operation that provide an essential service for our local industry. Without the incentives from the Brownfield Act, the operation either would not have moved or they would have moved to a Greenfield. From a land use perspective, reusing the refinery site makes more sense.
- When Oxford Automotive closed, their plant had several environmental issues. With the Brownfield Act, Merrill Fabricators was able to move into Alma. They are now a major employer in Alma. They are talking about expansion. If they do, it will be on former refinery property which means the Brownfield incentives will be essential to the project. The City of Alma wants to bring the former refinery site back into productive use. They can only be done with Brownfield incentives.
- On the retail side, they have a developer start construction on a new building in the downtown. It is a very nice well designed building. Soon

after construction started, an unrecorded, unknown underground storage tank was discovered. The developer was about to walk. By using the Brownfield, we managed to save the project.

- They have a number of other possible projects. Most require a Brownfield to be viable.

**Ann Arbor** A \$50 million investment in a mixed-use student housing project in Ann Arbor was recently financed after a few failed attempts. The project could not have succeeded without the Brownfield credit.

Ann Arbor uses this incentive to clean up sites. It gives them an economic development and cleanup tool. They require source removal for Brownfield projects. They have created \$150 million of investment using the Brownfield tool. More than \$40 million in lower town alone using MBT credits – 600,000 sq feet of mixed use, Kroger/cvs/dry cleaning site.

**Auburn Hills** Michigan Economic Growth Authority along with the local tax abatements, Brownfield credits, and Tool and Die Renaissance Zones are all used in Auburn Hills as tools for keeping or attracting businesses to our Community and allowing them to be competitive within their markets. The City of Auburn Hills attracted over 25 new high tech businesses in 2010 with an estimated job creation over the next few years of 5,433 new direct jobs and an estimated 8,000 more indirect jobs. There are so many to list but a few were ALTe, Dokka Fasteners, Katcon, Magna E-Car, Magneti Marelli, PSCU, Weber Automotive, and U.S. Farathane. There were another 17 expansions with either second/third buildings or build-outs to existing buildings in 2010 that did not receive MEGA's but did received tax abatements or fast track permitting, part of the Auburn Hills Advantage.

**Bay City** Stimulated by a Brownfield credit, a public/private partnership invested \$43.6 million on a contaminated riverfront downtown site to create a new hotel conference center.

**Belding** The City of Belding has an abandoned historic silk mill on a 4.75 acre site located at the corner of Main Street and Bridge Street in the central part of our downtown. This site is also contaminated. It is imperative that the historical tax credits be preserved at the State level at its current funding and also the Brownfield tax credits. Without these tools, it will be next to impossible to redevelop this site at some point in the future. Attached is a copy of the Silk Mill Architectural Assessment Report for your reference.

The Richardson Mill sits in the heart of Belding's downtown and has a huge impact on Belding's revitalization efforts. This former Mill structure in Belding was renovated into housing by a private development group in the mid-80's with the assistance of MSHDA funds. The building was refinanced in the early



90's with a payment structure to the City and MSHDA. Last year, the building went into foreclosure and MSHDA took over management of the property. The Brownfield grant enabled a new purchaser to utilize \$26,742.93 in grant funds for a Phase II site testing and a Baseline Environmental Assessment to release the new owner from any liability. The Mill is now operating as a landmark in Belding.

**Benton Harbor**

The Harbor Shores project will result in over \$500 million of private investment on over 500 acres in Benton Harbor, Benton Township and St. Joseph. Many contaminated, former industrial sites have already been cleaned up and developed as part of this on-going, mixed-use project.

Whirlpool intends to invest over \$65 million in downtown Benton Harbor for an office campus, which helps retain its world headquarters in Michigan. The Brownfield credit was an important factor in Whirlpool's decision.

**Berkley**

Berkley has used the Brownfield Redevelopment program in collaboration with Oakland County. Oakland County has provided this small city with necessary expertise and all have benefited. Two businesses located in the City of Berkley due to this program: Strategic Energy Solutions and PM Environmental. These businesses are just the type that Michigan is hoping to recruit. See links to their websites: [www.pmenv.com](http://www.pmenv.com) and [www.sesnet.com](http://www.sesnet.com). They currently occupy a building that was owned by Fuller Tool (a tool and die company).

**Berrien County**

Berrien County will use state and local tax capture valued at more than \$95.3 million to help advance the Harbor Shores redevelopment project in Berrien County. On October 18, 2005, state and local tax capture worth \$12.4 million was approved for the initial phases of the project. Since then, several project phases have been clarified and additional property has been added. The mixed-use development will include housing, hotels, a water park, golf course and retail/commercial opportunities. The project is expected to include more than \$500 million in private investment and create 2,000 new jobs  
<http://www.harborshoresdevelopment.org/>

**Brighton**

For the City of Brighton, \$7.4 million in Brownfield tax credits approved in 2008 allowed for a \$59.8 million expansion/retooling project to happen, which included 105 new jobs and 171 retained jobs. The Brownfield Tax Credits were instrumental in securing the investment for Michigan as several other states were in the running for the project.

**Boyne City**

One of our largest projects in years was the One Water downtown redevelopment on a contaminated site that created 100 jobs in 4 businesses, one a new restaurant that is a huge draw for our community, using, in part, brownfield tax credits.

**Dearborn**

SEE ATTACHED – projects for site cleanup, development projects.

Dearborn has a recent project that received \$9.6 million MBT. The Dearborn Town Center project is a mixed-use multi-story development encompassing medical, retail and senior living residential facilities. The project plan entailed demolition of existing vacant structures, environmental clean up actions and the removal of above and below ground structures. The new development includes a three level, Class A, State-of-the-art medical facility specializing in the treatment of pediatrics, women and the elderly, with imaging, rehabilitation, treatment, pharmaceutical and other medical support services integrated within the facility, for a total of approximately 166,000 sq. ft., with ease of ingress and egress for those individuals with limited mobility. Immediately adjacent to the medical facility on the north side, bordering the alley, will be a new senior living residence of 96 units and approximately 100,000 sq. ft., with a capacity for approximately 116 residents. The senior living facility will have 50 dedicated surface level parking spaces. In addition, the project proposes to construct new a two-story office and retail building of approximately 22,000 sq. ft. (in addition to the retail space located in the medical facility) to meet the needs of the residents of the senior living facility and those frequenting the medical facility. Such retail amenities will also be open to the local community. To the immediate east of the medical facility, bordered by Schaefer Road and Osborne Street will be surface parking of 12 spaces, and a five level parking deck that will provide 624 spaces, for a total parking capacity, including the parking for the senior living facility, at the site of ---- vehicles. The project anticipates 505-518 full time jobs at the site, not including the employees associated with the separate retail/office building. The average hourly wage of all full-time jobs at the site will be \$24.52. The total capital investment will exceed \$67,500,000, with eligible investment estimated at approximately \$48,000,000. Based on the above, the developer requested that this project be considered for the 20% credit allowable by 89 PA 2008 for urban development area project. The State of Michigan's Economic Development Authority agreed and authorized an MBT Credit of \$9,640,000. Approximately 181 employees are currently employed at an existing medical facility. The lease at this facility is set to expire, and larger and newer facilities are needed to continue the providing of medical services. Without the proposed development, current jobs may be lost or relocated to other locations.

**Dearborn  
Heights**

- I have a signed purchase agreement with a corporation to purchase 32 acres of vacant land owned by the city that has been sitting idle for the past several years. The buyers are still in their due diligence period which has been extended to facilitate their putting in place a power purchase agreement with DTE Energy. The initial plan is to erect a 250KW solar panel farm in conjunction with a 100,000 sq. ft. film production studio. There were several credits available by the state and by the federal government that I employed in convincing the buyers to do business here instead of Canada. Money from our Brownfield authority to remediate the contamination and at the same cover the expense of installation of the foundation for the building and a parking lot for the facility was one of them. Certainly, the up to 42% tax credit for film production offered by the state was another. There are monies available from the federal

government in the form of alternative energy production grants from the Department of Energy and various tax credits for the "Greening" of America. The studio as well as the solar panel farm will create new jobs. An amicable agreement with DTE Energy will insure continued financing of the studio operation. Regarding the studio we could see as many as 100 jobs being created. For a community the size of Dearborn Heights, that's a lot of jobs. In addition, a 32 acre plot of land will go back on the tax rolls and once the buildings and other infrastructure improvements are completed the taxable value will increase. The corporation has a similar project just outside of Windsor that is nearing completion. The "post house" film production facility is built and the solar panel farm is awaiting one or two final permits before building begins. I am certain that without the above mentioned state credits the corporation would be looking elsewhere for their project to be built. The tax credit for film production is huge and I am certain will eventually produce thousands of jobs for Michigan. It would be a gross error to tinker with that legislation. Jobs and income have grown each year since its inception. Hollywood was not built in a day. What's needed now is the infrastructure to keep production companies here in Michigan. That's what we are trying to do here in our city.

## **Detroit**

The Book Cadillac hotel was redeveloped by an Ohio developer. Brownfield MBT credits and other credits made this possible.

The Argonaut Building was redeveloped using a Brownfield tax credit.

Compuware's new \$350 million headquarters was supported by a \$30 million Brownfield credit in addition to other tax savings bringing 1000s of jobs into Detroit.

The \$95 million rehabilitation of the Fort Shelby hotel resulted in a Doubletree Hilton hotel and 11 stories of residential apartments. In addition to other incentives, the 10% Brownfield credit was a critical catalyst for the project.

The City of Detroit sent me a list of projects and investments and jobs totals. For Detroit, \$280 million in MBT tax credits approved will leverage \$6 BILLION in investment and create 13,000 jobs. As they have pointed out, that's 21 times the return on investment. Cutting the Brownfield program would have drastic job and investment consequences.

Midtown Detroit's success has largely been attributed to the use of federal and state historic tax credits, Brownfield tax credits, New Market Tax Credits and a number of similar programs. Garfield Lofts, 71i Garfield Apartments, Ferry Street Inn, Woodward SA-PK parking structure and Blue Moon Bar, Garden Theater. Newberry Hall Apartments, New Amsterdam Apartments, Sugar Hill. Also, the Iodent Building downtown (in addition to the other projects listed).

**Farmington Hills**

In Farmington Hills we have used Brownfield credits to turn an abandoned garbage dump into a golf course. We had about 45,000 rounds of golf on our course last year and it is very successful. It has also created about 12 jobs

**Ferndale**

In Ferndale, the Brownfield MBT credits were critical in the development of the mixed use project at 211 E Nine Mile Road in Ferndale. In place of an old gas station (on contaminated land) they have 4 new commercial businesses and 36 lofts one block from downtown. \$522,000 of MBT credits lead to this \$9M project, and the developer stated that he wouldn't have done the project without the credits. He is interested in another project in the City and won't do it without the MBT Credit.

**Flint**

The mixed-use historic rehab of the Durant Hotel in downtown Flint was stimulated with a Brownfield credit, and has resulted in substantial investment in downtown Flint and the creation of 16 new jobs.

**Grand Rapids**

A \$30 million investment on the corner of Division and Fulton in downtown was recently completed for expansion of the Urban Institute of Contemporary Arts and construction of residential apartments and a parking ramp.

The Brownfield credit was critical to the \$200 million investment in new medical facilities in downtown Grand Rapids.

A 100 year old public high school building in downtown, adjacent to two expressways, was abandoned and decaying before a private developer rehabilitated it into 180 residential condominiums with the help of a Brownfield credit. This project has made downtown living prevalent and affordable.

Grand Rapids produced significant outcomes through the use of the Brownfield Redevelopment Credit that includes 8,337 jobs or residents and over \$1.17 billion in private investment.

City of Grand Rapids Brownfield Redevelopment Authority created 7,360 jobs, Leveraged private investment of over \$1 billion, Redeveloped 275.55 acres, and Leveraged \$45.2 million in local & school taxes as well as \$80 million in MBT credits

They said that all of the projects would not have been considered without the credits. Many reasons make this incentive beneficial. The most important one in this economic climate is the fact that these credits can be used to gain additional equity into the project early on. Lenders aren't willing to do projects without significant equity these days, so removing even \$10M from this credit means a significant number of projects will be lost in the year they are reduced.

**Holland**

The empty 220,000 square foot Baker Furniture factory was developed into a

mixed-use project consisting of 65 residential condominiums, health/fitness center, office, restaurant and retail space.

**Jackson**

Consumers Energy invested over \$70 million to redevelop 32 contaminated downtown parcels for their new corporate headquarters. Stimulated by a Brownfield credit, this project retained 1400 jobs in the downtown area while creating 150 new jobs.

**Kalamazoo**

Please find the attached table that lists City of Kalamazoo redevelopment projects leveraged by state tax credits. The list includes 14 projects and to date 10 of the projects have had credits issued in the total amount of \$7,427,868. Issuance of credits is pending on the remaining four projects. We urge the MML to take steps to help ensure that state tax credits can continue to be used to leverage Brownfield redevelopment projects. If you have questions or require additional information please contact Marc Hatton in our office. Thank you.

In Kalamazoo, \$11.9 million in MBT credits have lead to 1400-1500 jobs created or retained and \$177 - \$192 million in private investment.

**Lansing**

The \$100 million investment by the Accident Fund in the former Board of Power and Light building is another great example of the use of the Brownfield and other incentives to make the numbers work. Otherwise, Accident Fund was destined for Milwaukee and the City would still be forking over \$50k+ per year to pay for an under performing City Market. They'd be without their \$3.2 million dollar riverfront enhancement, returning the east bank back to the citizens, and the new City Market would only know life in pictures in an architect's portfolio instead of a thriving income generator for dozens of farmers and small business owners.

A \$26 million investment on a 25 acre brownfield site resulted in the development of 183 owner occupied single family housing units on the site formerly known as the former Boys Training School, now known as East Village. A \$1 million Brownfield credit was utilized to incentivize the project.

Boji invested over \$60 million to develop the neighboring office complex building to the state capital on a former city owned contaminated site that now generates significant tax revenues to the city while housing over 150 professionals in downtown every day. This project was stimulated by a Brownfield credit.

There are about a dozen Lansing projects that would be nothing but blight and uncontrolled contamination if it weren't for the use of the incentive. The Governors Council on Physical Fitness building is a perfect example, we spent around \$250k in future new taxes to remove over a half dozen petroleum filled LUSTs (leaking underground storage tanks), and leveraged that to completely

rehabilitate two vacant buildings on the site. What was the result? Over 25 new jobs for the city, one of the most aggressive participants in the neighborhoods revitalization, and an immediate positive impact on the neighboring property aesthetics and value.

The Cedar Street School was a vacant elementary school that was destined to meet the wrecking ball before two community-minded doctors decided they wanted to transform the space into a physical rehab/fitness center and make it the home to their practice. These weren't experienced developers, just physicians with a dream. We combined OPRA (to keep costs down at first) with Brownfield (to reimburse site infrastructure, utility upgrades, and offset contamination removal expenses) and Brownfield Tax Credits to help them create a LEED building and return the property to productive use in an area that was filled with red tagged homes and blight. Now the property is the centerpiece to a neighborhood's revitalization.

#### **Ludington**

The City of Ludington has approved 11 Brownfield Plans in the last 8 years, which were absolutely necessary in order to redevelop Brownfield properties. Sony Pictures filmed a movie here last summer, which it said would not have occurred without the film credit. At the time the Brownfield Plans were approved, the developers pledged about \$124 million in capital investment and the total eligible costs that could be paid by Brownfield funds would be about \$10.2 million. That being said, some of these projects have been completed, some have been partially completed, and some have not even started due to the poor economy. While many of the Brownfield Plans involved the construction of waterfront condos, they did include two professional office buildings and a downtown grocery store. I would estimate about these developments have created about 30-40 jobs.

Fiveco invested over \$6 million to develop a mixed-use office/condominium project on a long abandoned downtown brownfield site stimulated by a \$540,000 Brownfield credit.

#### **Marquette**

Attached are several letters from City representatives and developers involving the importance of Brownfield Tax Credits. We know you'll do a great job stressing the importance of this to the Governor and Legislature. The pictures on the second page of the third attachment really show what a transformation has taken place at Founders Landing--progress only possible because of the Brownfield Tax Credits. We'll be sending copies of these documents to our local representatives. Thanks so much for bringing this to our attention, and please let us know what transpires from here! written statements from our developers who are using brownfield tax credits to redevelop a former brownfield on the shores of Lake Superior? They've stated that they simply would not be able to do the project without those credits. They've already invested millions, with tens of millions more planned...but it will only happen if those tax credits remain in place.

**Monroe**

Ventower Industries invested \$22 million and created 150 new jobs for a clean energy, wind tower manufacturing plant in Monroe. The Brownfield credit was critical to its success.

The City of Monroe and the Monroe Brownfield Redevelopment Authority has facilitated 22 Brownfield redevelopment projects with a total investment value of over \$100 million and job creation and preservation of over 320 jobs in the City of Monroe. This is a significant accomplishment for a community of 22,000 residents. They said that MBT credits, along with TIF, provide a necessary economic incentive to address many of the negative business factors associated with the redevelopment of the properties by spurring private development activities particularly in urban areas. Over \$26 million has been used to develop these properties and have leveraged over \$100 million in private investment. Brownfield sites in the City of Monroe include former paper mills, municipal land fills, gas stations, blighted and functionally obsolete properties. The present use for these brownfield properties include residential neighborhoods (providing homes to over 150 families), medical offices, banks, commercial and retail establishments, a National Park, warehouse and distribution facilities, and a proposed manufacturing facility supplying steel towers to wind turbine companies.

**Mt Pleasant**

Thanks for the opportunity to comment on these tax credit programs. The most significant project in the City to take advantage was the renovation of the historic Borden Building, which is now occupied by the City offices. The project utilized an OPRA, brownfield tax credits, and historic preservation tax credits. I have been able to track down some of the details and can get others if they would be helpful. The OPRA was granted based on a real property investment of over \$4.8 million. The brownfield tax credits were awarded based on an anticipated total investment of \$8.5 million. The real story comes in reviewing the before and after pictures. I have attached a few for reference. The building had long been vacant, was clearly obsolete in its previous condition and a blight on the downtown. The finished product speaks for itself. We have many more before and after pictures should you need them. I am less intimately familiar with the second project to utilize an OPRA in the City. It involved the renovation of a former US Post Office and Public School office building. The OPRA helped to facilitate \$110,000 in private investment to bring the obsolete building to modern function and brought the property onto the tax roll. I hope that this information is helpful. If we can provide anything else, please don't hesitate to let me know.  
(pictures in folder)

**Muskegon**

Betten Auto Dealerships recently invested nearly \$14 million in expanding and rehabilitating its GMC/Chevy/Cadillac auto dealership, and adding Honda, Hyundai and other dealerships in the City of Muskegon.

The former Muskegon Mall previously constituted the heart of downtown Muskegon. That building and others around it were abandoned. A public/private partnership acquired 23 acres in downtown and demolished all structures within a three square block area except for historically significant buildings to make way for the new downtown Muskegon – an Urban Village design with stores, offices, restaurants and residential use. A brownfield credit was critical to this project, which is expected to result in over \$100 million in investment and the addition of 500 – 600 residents in downtown.

See report – Muskegon Shoreline Development

### **Newaygo**

There is a facility in our community know as The Stream that is 13,000 Sq Ft and serves as an economic and educational hub for the county. It is an innovative, multi-use facility that some communities are now looking to mimic. A key part of putting the project together to help make it financially feasible was Brownfield tax credits and the tools available under Brownfield redevelopment. I wanted to pass it along and hope it helps the legislators in their quest to identify what tools are important to the economic development of the state.

### **Owosso**

Tax credits that have been key to new growth in Owosso. We have been fortunate in recent years to have several new projects built in Owosso, including the Comstock Inn, Woodward Station, and the under-construction Lebowsky Center. All of these projects have been made possible by the Brownfield Tax Credit. Going forward, redevelopment of the downtown will depend on not only the Brownfield Tax Credit, but also the State's Historic District Tax Credit. Owosso went through considerable effort last year to put into place a historic district in its downtown, and in response we have already seen several property owners move forward with new storefronts or major reconstructions. Much of this private investment is made possible by the presence of the tax credits, which provide equity investment and improve the opportunities for financing (which has become quite difficult in the last few years). Loss of these development incentives would hurt Owosso's efforts to spur economic development. The argument against "picking winners and losers" does not apply to these two tax credits, as they are available to any business who develops in certain areas. The Brownfield Tax Credit was put in place to encourage revitalization of downtowns and urban areas, many of which were contaminated in the past and for which there are extensive clean-up costs (this was especially true at the site of the Comstock Inn). Without this tax credit, there would be more empty, blighted lots in Owosso and throughout the state. Without this credit, state policy would push new development out into "green" fields with attendant environmental impacts. The Historic Tax Credit is even more limited in its area of application, but helps developers offset the higher costs of restoring older buildings. Both tax credits are major tools in helping cities like Owosso rebuild its tax base. If we lose revenue sharing dollars from the State, it becomes even more important to increase our tax base through redevelopment.



<b>Port Huron</b>	<p>Port Huron is in the process of revitalizing the Sperry's building. This building has been empty on the main corridor of downtown for the last 5 or 6 years. Developers from northern Michigan applied for and received grants and credits for this project. They received Brownfield and historic credits. The Brownfield credits were finalized a few months ago, and the historic credits were just announced in a press release. Without those incentives, this project would not have been possible. The building will be restored to what it looked like in late 20's and will become mixed use with offices and a restaurant and a business incubator. The project is expensive doesn't make market sense. The incentives allowed for this to happen after it had been vacant for so long.</p>
<b>Quincy</b>	<p>The Village of Quincy created 170 new jobs and \$10 million in investment by partnering Brownfield credits with a Brownfield grant to assist their largest taxpayer and water user. They were able to renovate a building that was falling down and becoming an eyesore.</p>
<b>Saginaw</b>	<p>A \$10 million investment on a riverfront brownfield site by the Michigan Cardiovascular Institute resulted in the development of a regional heart medical complex. An \$800,000 Brownfield credit prompted the project on this site.</p> <p>Corvas Nodular invested \$110 million to develop a new manufacturing facility on an abandoned former Auto Foundry site creating 130 new jobs. The project was stimulated by a \$1 million Brownfield credit.</p>
<b>Sterling Heights</b>	<p>Locally one of the best tools for us has the Brownfield Credits. Especially with decaying manufacturing buildings, the Brownfield credits have helped projects such as BAE, Casadei Steel, RoboVent, Chrysler, and the Macomb Group.</p>
<b>Sturgis</b>	<p>Sturgis has two recent projects that were made possible with Brownfield tax credits - Kirch Lofts and the Kirsch Industrial Park. Without the brownfield tax credit, they are certain that both buildings would be sitting empty.</p>
<b>Traverse City</b>	<p>A \$100 million investment was stimulated by a Brownfield credit to redevelop the former Traverse City State Hospital into what is now known as The Village at Grand Traverse Commons. This dramatic turnaround of this long neglected facility could not have occurred without the stimulus of the Brownfield credits.</p> <p>Copper Ridge invested over \$70 million to redevelop a 70 acre contaminated site into a state-of-the-art surgical center, creating over 700 new jobs and increasing the tax base to over \$22 million from \$99,000. This was stimulated by the first Brownfield credit issued in Traverse City.</p>
<b>Three Rivers</b>	<p>The City of Three Rivers has used the Brownfield program repeatedly. It</p>

encouraged investment and revitalized parts of our community. This tool requires private investment dollars to be used in any project and so far people have done what they said.

**Troy** We created our BRA to accommodate the Midtown development- it was formerly the Ford New Holland tractor plant- and now is a mixed use development- with both housing and also retail. This dates back to 2000, however. If you want additional details, here is a starting point: <http://www.troymi.gov/BrownfieldRedevelopmentAuthority/BrownfieldPlans.aspx> Although there is a reference to the Pavillions at the old K Mart headquarters on the web page... unfortunately, the economy took its turn for the worse right around that time... so it's still a dream.

**Tuscola County** The Tuscola County BRA leveraged Brownfield dollars to create 146 jobs.

**Walker** Visser Brothers- originally an old battery dump and EPA superfund site. Located on Turner, adjacent to US 131. The developer built 3 large industrial buildings totaling 360,000 square feet. Unknown the number of jobs created, but was in the range of 150-200. Taxable value has gone from \$8,428 in 1999 before the Brownfield approval to \$4,799,917 in 2010. No way would this project have occurred if not for the Brownfield approval.

Padnos Brownfield- located in the same vicinity as the above project, in our older industrial area. Is a scrap metal recycling facility, with the value gained mostly in new personal property investment. Taxable value has gone from \$207,940 to \$1,738,708. Jobs created about 15-20.

There are other potential areas that would qualify for Brownfield status, namely the "old Fenske landfill", along Wilson in the south part of our city. The City has been working with the owner, but since the economy went south, he has backed down on plans. It would be very difficult for him to commit to the investment it will take to make this site a viable tax producing development without the Brownfield credits.